



Jozini Local Municipality
Annual Financial Statements
for the year ended June 30, 2012

Jozini Local Municipality

Annual Financial Statements for the year ended June 30, 2012

General Information

| | |
|--|--|
| Legal form of entity | Local Municipality |
| Nature of business and principal activities | Service Delivery |
| Grading of local authority | 3 |
| Accounting Officer | Bongumusa Ntuli |
| Acting Chief Finance Officer (CFO) | Theoreen Norah Sphindile Ngiba |
| Registered office | Circle street Bottom town Jozini 3969 |
| Postal address | Private Bag X 028 Jozini 3969 |
| Bankers | ABSA BANK |
| Auditors | Auditor General of South Africa |
| Attorneys | Weich n' Kriel Inc. |

Jozini Local Municipality

Annual Financial Statements for the year ended June 30, 2012

General Information

Members of the Executive of the Council

| | |
|-----------------|-------------------------------|
| B.N Mthethwa | Mayor |
| T.S Mdluli | Deputy Mayor |
| M.Z Nyawo | Speaker |
| J Siyaya | Member of Executive Committee |
| D.P Mabika | Member of Executive Committee |
| R.H Gumede | Member of Executive Committee |
| N.G Fakude | Member of Executive Committee |
| M.Z Tembe | Member of Executive Committee |
| P.J Mabuyakhulu | Member of Executive Committee |

Ordinary Councillors

J.E Buthelezi
M.Nxumalo
N.S Myeni
M. Mathe
T.L Mathenjwa
T.J Ndlazi
J.M Mpontshane
T.Z Nyawo
D.M Mthembu
S.S Mkhize
B.Q Gumede
Z.B Ngobe
B.I Msweli
G.E Ngcamphalala
M.E Ndlela
B.S Mathenjwa
M.L Mavundla
G.P Moodley
B.N Khumalo
T.P Mbamali
R.N Ndlovu
D.J Mthembu
S.M Mathenjwa
I.O Young
K.B Madonsela
N.L Mathenjwa
S.M Mthembu
B.Z Mngomezulu
K.N.C Dlamini
K.P Mbatha
S.S Macwele

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Approval of Annual Financial Statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 25 , in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 17 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Acting Municipal Manager
Date

Jozini Local Municipality

Annual Financial Statements for the year ended June 30, 2012

Statement of Financial Position

| Figures in Rand | Note(s) | 2012 | 2011 | |
|-------------------------------------|---------|--------------------|--------------------|-----------|
| ASSETS | | | | |
| Current Assets | | | | |
| Other receivables | 2 | 97,745 | 102,682 | GRAP1.8 |
| VAT receivable | 3 | 1,356,237 | 3,375,416 | GRAP1 |
| Consumer debtors | 4 | 12,131,707 | 3,077,579 | Budget fo |
| Cash and cash equivalents | 5 | 37,025,385 | 25,936,611 | GRAP1.8 |
| | | 50,611,074 | 32,492,288 | |
| Non-Current Assets | | | | |
| Property, plant and equipment | 6 | 128,919,520 | 109,271,602 | GRAP1.8 |
| Intangible assets | 7 | 135,283 | 47,078 | GRAP1.8 |
| | | 129,054,803 | 109,318,680 | |
| Total Assets | | 179,665,877 | 141,810,968 | |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Payables from exchange transactions | 8 | 7,747,756 | 4,307,435 | GRAP1.8 |
| Unspent conditional grants | 9 | 21,368,658 | 23,868,140 | GRAP1.8 |
| Provisions | 10 | 2,569,411 | 2,213,574 | GRAP1.8 |
| | | 31,685,825 | 30,389,149 | |
| Total Liabilities | | 31,685,825 | 30,389,149 | |
| NET ASSETS | | 147,980,052 | 111,421,819 | |
| NET ASSETS | | | | |
| Reserves | | | | GRAP1.8 |
| Revaluation surplus | 28 | 36,954,011 | - | |
| Accumulated surplus | | 111,026,041 | 111,421,819 | |
| Total Net Assets | | 147,980,052 | 111,421,819 | |

Jozini Local Municipality

Annual Financial Statements for the year ended June 30, 2012

Statement of Financial Performance

| Figures in Rand | Note(s) | 2012 | 2011 |
|--|---------|---------------------|---------------------|
| Revenue | | | |
| Property rates | 11 | 10,117,060 | 8,581,421 |
| Refuse Removal | 12 | 2,021,871 | 1,962,260 |
| Rental of facilities and equipment | | 245,936 | 95,120 |
| Fines | | 166,747 | 94,592 |
| Government grants & subsidies | 13 | 115,916,792 | 86,140,428 |
| Interest earned -outstanding receivables | | 3,331,824 | 2,080,956 |
| Provisions adjustment | | 1,014,029 | - |
| Other income | 14 | 454,057 | 298,130 |
| Interest earned- external investments | | 1,980,366 | 1,947,931 |
| Total Revenue | | 135,248,682 | 101,200,838 |
| Expenditure | | | |
| Employee related costs | 16 | (26,666,179) | (21,610,122) |
| Remuneration of councillors | 17 | (5,789,357) | (5,002,799) |
| Depreciation and amortisation | | (5,827,490) | (2,984,960) |
| Debt impairment | | (492,572) | (5,014,831) |
| Repairs and maintenance | | (1,461,080) | (951,564) |
| Contracted services | | (5,802,684) | (3,548,328) |
| Grants and subsidies paid | | (3,097,214) | (3,910,416) |
| Loss on disposal of property plant and equipment | | (772,990) | (41,173) |
| General expenses | 15 | (22,265,683) | (21,860,761) |
| Total Expenditure | | (72,175,249) | (64,924,954) |
| Surplus for the year | | 63,073,433 | 36,275,884 |

Jozini Local Municipality

Annual Financial Statements for the year ended June 30, 2012

Statement of Changes in Net Assets

| Figures in Rand | Revaluation Surplus | Accumulated surplus | Total net assets |
|--|------------------------|------------------------|---------------------|
| Balance at July 01, 2011 | - | 40,696,028 | 40,696,028 |
| Changes in net assets | | | |
| Transfer to accumulated surplus | - | 34,449,907 | 34,449,907 |
| Net income (losses) recognised directly in net assets | - | 34,449,907 | 34,449,907 |
| Surplus for the year | - | 36,275,884 | 36,275,884 |
| Total recognised income and expenses for the year | - | 70,725,791 | 70,725,791 |
| Total changes | - | 70,725,791 | 70,725,791 |
| Balance at July 01, 2011 | - | 47,952,608 | 47,952,608 |
| Changes in net assets | | | |
| Surplus for the year | - | 63,073,433 | 63,073,433 |
| Revaluation surplus arising from changes in asset values | 36,954,011 | - | 36,954,011 |
| Total changes | 36,954,011 | 63,073,433 | 100,027,444 |
| Balance at June 30, 2012 | 36,954,011 | 111,026,041 | 147,980,052 |

Jozini Local Municipality

Annual Financial Statements for the year ended June 30, 2012

Cash Flow Statement

| Figures in Rand | Note(s) | 2012 | 2011 |
|---|---------|----------------------------|----------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Receipts | | | |
| Sale of goods and services | | 12,138,931 | 6,968,752 |
| Grants | | 115,917,092 | 86,140,428 |
| Interest received | | 1,980,366 | 1,947,931 |
| Other receipts | | 5,212,293 | 185,749 |
| | | <u>135,248,682</u> | <u>95,242,860</u> |
| Payments | | | |
| Employee costs | | (32,455,536) | (26,414,248) |
| Other payments | | (7,093,052) | (18,656,361) |
| Grants and subsidies | | (3,097,214) | (4,614,819) |
| Suppliers | | (29,528,772) | (1,060,315) |
| | | <u>(72,174,574)</u> | <u>(50,745,743)</u> |
| Net cash flows from operating activities | 18 | <u>63,074,108</u> | <u>44,497,117</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | 6 | (18,060,475) | (36,937,517) |
| Proceeds from sale of property, plant and equipment | 6 | 587,594 | 921,248 |
| Purchase of intangible assets | 7 | (90,700) | (52,868) |
| Proceeds from sale of intangible assets | 7 | - | 2,495 |
| Net cash flows from investing activities | | <u>(17,563,581)</u> | <u>(36,066,642)</u> |
| Net increase/(decrease) in cash and cash equivalents | | 11,088,774 | 8,430,475 |
| Cash and cash equivalents at the beginning of the year | | 25,936,611 | 17,506,136 |
| Cash and cash equivalents at the end of the year | 5 | <u>37,025,385</u> | <u>25,936,611</u> |

Jozini Local Municipality

Annual Financial Statements for the year ended June 30, 2012

Accounting Policies

1. Basis of presentation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. .

These accounting policies are consistent with the previous period.

1.1 Presentation of currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.2 Going concern assumption

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Comparative information

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Jozini Local Municipality

Annual Financial Statements for the year ended June 30, 2012

Accounting Policies

1.4 Property, plant and equipment

1.4.1 Initial recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.4.2 Subsequent measurement - Revaluation model (Land buildings)

Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

1.4.3 Depreciation and impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated average asset lives:

| Infrastructure Assets | | | Other Assets | | |
|-----------------------|---------|-------|---------------------------------|-------|-------|
| Roads and Paving | 30 | years | Buildings | 30 | years |
| Stormwater Drainage | 20 | years | Specialist vehicles | 10 | years |
| Community Assets | | | Other vehicles | 5 | years |
| Buildings | 30 | years | Office equipment | 3 - 7 | years |
| Recreational Facility | 20 - 30 | years | Furniture and fittings | 7-10 | years |
| Security | 5 | years | Bins and containers | 5 | years |
| Community Halls | 30 | years | Specialised plant and equipment | 10-15 | years |
| Libraries | 30 | years | Landfill sites | 15 | years |
| Parks and gardens | 10 | years | Computer equipment | 3 | years |
| Office equipment | 4 | years | | | |

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

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Accounting Policies

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.4.4 Derecognition

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.5 Intangible Assets

1.5.1 Initial recognition

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset's given up.

1.5.2 Subsequent measurement - cost model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.5.3 Amortisation and impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method.

The annual amortisation rates are based on the following estimated average asset lives:

Computer software 5 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date.

Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Jozini Local Municipality

Annual Financial Statements for the year ended June 30, 2012

Accounting Policies

1.5 Financial instruments

Initial recognition and measurement

1.5.1 Initial recognition

Financial instruments are initially recognised at fair value.

Subsequent measurement

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation as per GRAP standard 104.

Investments

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

Receivables from exchange transactions

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments.

An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

Payables from exchange transactions

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

Cash and cash equivalents

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

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Annual Financial Statements for the year ended June 30, 2012

Accounting Policies

1.6 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.7 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.8 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.9 Provisions and contingencies

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Jozini Local Municipality

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Accounting Policies

1.9 Provisions and contingencies (continued)

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

1.10 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Municipality as a lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.11 Revenue

1.12.1 Revenue from exchange activities

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Jozini Local Municipality

Annual Financial Statements for the year ended June 30, 2012

Accounting Policies

1.11 Revenue (continued)

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

1.12.2 Revenue from non exchange activities

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

1.12 Retirement benefits

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

Specific actuarial information in respect of individual participating municipalities is unavailable due to centralised administration of these funds. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

1.13

Jozini Local Municipality

Annual Financial Statements for the year ended June 30, 2012

Accounting Policies

1.14 Impairment of assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.15 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Jozini Local Municipality

Annual Financial Statements for the year ended June 30, 2012

Accounting Policies

1.15 Employee benefits (continued)

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

1.16 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

Jozini Local Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|--|---------------------|---------------------|
| 2. Other receivables | | |
| Other debtors | 9,000 | 9,000 |
| Former Councillors | 88,745 | 93,682 |
| | 97,745 | 102,682 |
| 3. VAT receivable | | |
| VAT | 1,356,237 | 3,375,416 |
| 4. Consumer debtors | | |
| Gross balances | | |
| Property rates | 17,070,722 | 10,809,885 |
| Refuse removal | 7,593,311 | 4,884,356 |
| | 24,664,033 | 15,694,241 |
| Less: Provision for debt impairment | | |
| Rates | (9,702,735) | (9,210,163) |
| Refuse | (2,829,591) | (3,406,499) |
| | (12,532,326) | (12,616,662) |
| Net balance | | |
| Rates | 7,367,987 | 1,599,722 |
| Refuse | 4,763,720 | 1,477,857 |
| | 12,131,707 | 3,077,579 |
| Rates | | |
| Current (0 -30 days) | 775,073 | 6,085,965 |
| 31-60 days | 611,242 | 194,578 |
| 61 - 90 days | 605,747 | 216,198 |
| 91 - 120 days | 696,728 | 162,148 |
| 121 - 365+ days | 14,381,932 | 4,150,996 |
| | 17,070,722 | 10,809,885 |
| Refuse | | |
| Current (0 -30 days) | 348,221 | 2,854,288 |
| 31 - 60 days | 274,616 | 89,915 |
| 61 - 90 days | 272,147 | 101,134 |
| 91 - 120 days | 313,023 | 74,408 |
| 121 - 365+ days | 6,385,304 | 1,764,611 |
| | 7,593,311 | 4,884,356 |
| Reconciliation of debt impairment provision | | |
| Balance at beginning of the year | (12,616,662) | (7,601,759) |
| Contributions to provision | - | (5,014,903) |
| Reduction on provision as calculated in the current year | 84,336 | - |
| | (12,532,326) | (12,616,662) |

Jozini Local Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|--|-------------------|-------------------|
| 4. Consumer debtors (continued) | | |
| Discounted value of debtors | | |
| Agriculture | 1,364,153 | 796,790 |
| Specialised Properties(SPL) | 3,651,440 | 3,084,311 |
| Residentials | 5,176,793 | 3,442,522 |
| Rural Communal Land(RCL) | 5,602,738 | 2,809,333 |
| Public Service Infrastructure (PSI) | 733,581 | 675,193 |
| Place of Worship(POW) | (802) | (918) |
| Commercial | 2,517,357 | 2,402,059 |
| | 19,045,260 | 13,209,290 |

Debtors were discounted at the market rate of 9% with an average recovery life of approximately 3 years.

5. Cash and cash equivalents

Cash and cash equivalents consist of:

| | | |
|---------------------|-------------------|-------------------|
| Cash on hand | 46 | 1,920 |
| Bank balances | 21,696,711 | 5,366,161 |
| Short-term deposits | 15,328,628 | 20,568,530 |
| | 37,025,385 | 25,936,611 |

The municipality had the following bank accounts

| Description | Account number | Bank statement balances | | Cash book balances | |
|------------------------------------|----------------|-------------------------|-------------------|--------------------|-------------------|
| | | June 30, 2012 | June 30, 2011 | June 30, 2012 | June 30, 2011 |
| First National Bank - Mkuze Branch | 62024185432 | 14,246,978 | 1,307,975 | 14,246,978 | 1,307,975 |
| PETTY CASH | | - | - | 46 | - |
| ABSA Bank | 4069-6249-54 | 2,548,827 | 4,205,868 | 2,517,058 | 4,205,868 |
| Cancelled Cheques | | (158,142) | (158,142) | (158,142) | (158,142) |
| Call Account Property rates | | - | 3,124 | - | 3,124 |
| Investec Bank | | - | 2,152,782 | - | 2,152,782 |
| Investment FNB | 6205-4059-516 | - | 27,862 | - | 27,862 |
| Investment FNB | 6206-4733-746 | - | 4,542,041 | - | 4,542,041 |
| Investment FNB | 74274189205 | 5,069,666 | 11,308,411 | 5,069,666 | 11,308,411 |
| Investment FNB | 74306527662 | 5,094,919 | 15,163 | 5,094,919 | 15,163 |
| Marriot Marchant Bank | 16520 | 72,489 | 2,519,147 | 72,489 | 2,519,147 |
| Marriot Marchant Bank | 164419 | 91,555 | - | 91,555 | - |
| Investment Standard Bank | 268741042 | 5,070,027 | - | 5,070,027 | - |
| Cashiers collection accounts | | - | - | 20,789 | - |
| Investment ABSA | 2072232091 | 5,000,000 | - | 5,000,000 | - |
| Total | Total | 37,036,319 | 25,924,231 | 37,025,385 | 25,924,231 |

Jozini Local Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

Figures in Rand

2012

2011

6. Property, plant and equipment

| | 2012 | | | 2011 | | |
|----------------------|---------------------|--|--------------------|---------------------|--|--------------------|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Buildings | 25,579,431 | (4,051,807) | 21,527,623 | 25,223,626 | (2,033,684) | 23,189,942 |
| Motor vehicles | 4,518,098 | (3,816,875) | 701,223 | 3,481,011 | (3,285,857) | 195,154 |
| Office equipment | 4,718,387 | (2,728,893) | 1,989,494 | 5,021,711 | (2,250,576) | 2,771,135 |
| Roads Infrastructure | 174,978,620 | (70,277,440) | 104,701,180 | 87,213,935 | (4,098,564) | 83,115,371 |
| Total | 209,794,536 | (80,875,015) | 128,919,520 | 120,940,283 | (11,668,681) | 109,271,602 |

Reconciliation of property, plant and equipment - 2012

| | Opening balance | Additions | Disposals | Work-in- progress | Revaluations | Depreciation | Total |
|----------------------|--------------------|-------------------|------------------|----------------------|------------------|--------------------|--------------------|
| Buildings | 23,189,942 | - | - | - | 355,804 | (2,018,123) | 21,527,623 |
| Motor vehicles | 195,154 | 1,171,487 | - | - | 230,000 | (895,418) | 701,223 |
| Equipment | 2,771,135 | 190,543 | - | - | 2,400 | (974,584) | 1,989,494 |
| Roads Infrastructure | 83,115,371 | 16,698,445 | (587,594) | 4,953,526 | 553,400 | (31,968) | 104,701,180 |
| | 109,271,602 | 18,060,475 | (587,594) | 4,953,526 | 1,141,604 | (3,920,093) | 128,919,520 |

Reconciliation of property, plant and equipment - 2011

| | Opening balance | Additions | Disposals | Transfers | Depreciation | Total |
|------------------|--------------------|-------------------|------------------|--------------|--------------------|--------------------|
| Buildings | 22,555,836 | 1,518,874 | - | - | (884,768) | 23,189,942 |
| Motor vehicles | 1,329,893 | 214,803 | (859,388) | - | (490,154) | 195,154 |
| Office equipment | 1,880,277 | 1,544,590 | (61,860) | - | (591,872) | 2,771,135 |
| Infrastructure | 12,290,222 | 12,452,486 | - | 12,169,695 | (978,682) | 35,933,721 |
| WIP | 38,114,582 | 21,206,764 | - | (12,169,695) | - | 47,181,650 |
| | 76,170,810 | 36,937,517 | (921,248) | - | (2,945,476) | 109,271,602 |

Capitalised expenditure(excluding borrowing costs)

Other information

Details of properties

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

7. Intangible assets

| | 2012 | | | 2011 | | |
|-------------------|---------------------|--|----------------|---------------------|--|----------------|
| | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value |
| Intangible assets | 307,362 | (172,079) | 135,283 | 167,592 | (120,514) | 47,078 |

Jozini Local Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|-----------------|------|------|
|-----------------|------|------|

7. Intangible assets (continued)

Reconciliation of intangible assets -30 June 2012

| | Opening balance | Additions | Amortisation | Total |
|-------------------|-----------------|-----------|--------------|---------|
| Intangible assets | 47,078 | 90,700 | (2,495) | 135,283 |

Reconciliation of intangible assets - 2011

| | Opening balance | Additions | Disposals | Other changes, movements | Amortisation | Total |
|-------------------|-----------------|-----------|-----------|--------------------------|--------------|--------|
| Intangible assets | 87,221 | 52,868 | (2,495) | (6,416) | (39,484) | 47,078 |

8. Payables from exchange transactions

| | | |
|-----------------|------------------|------------------|
| Trade creditors | 1,941,476 | 2,009,286 |
| Retention held | 5,806,280 | 2,298,149 |
| | 7,747,756 | 4,307,435 |

9. Unspent conditional grants

Unspent conditional grants and receipts comprises of:

| | | |
|--|-------------------|-------------------|
| Housing Grant | 83,492 | 83,492 |
| MIG | 3,254,718 | 1,664,103 |
| Area 17 Water Scheme | 521,807 | 521,807 |
| Ndumo Sports Complex | 385,510 | 385,510 |
| Establishment of Internal Control Unit | 150,000 | 150,000 |
| Ward Committee Induction training | 23,355 | 23,355 |
| Municipal Housing Sector Plan | 11,775 | 11,775 |
| Jozini Upgrading Projects | 107,606 | 107,606 |
| Fresh Produce Market | 647,210 | 7,120,816 |
| Bhambanana Town Formalization | 69,365 | 69,365 |
| Synergistic Program | 10,882 | 49,595 |
| Ubuhle Besiko Cultural Village | 69,700 | 69,700 |
| MPRA Transfers | (10,057) | (614,712) |
| Bhanjana Road | 624,412 | 1,895,549 |
| Corridor Developement | 1,184,150 | 1,334,150 |
| Library Grant | 731,104 | 634,021 |
| Implication for Pound | 850,552 | 1,000,000 |
| MSIG | 139,364 | 20,972 |
| LGSETA | 185,444 | 40,348 |
| Finance Management Grant | 136,785 | 30,396 |
| Sports & Recreation | 150,000 | - |
| School Crossing | 4,680 | 1,080 |
| National Electrification Grant | 8,057,139 | 3,441,407 |
| Development of recycling | 10,730 | 35,000 |
| LG Expert | 22,384 | 22,384 |
| Jozini Town formalization | 1,270,987 | 5,686,023 |
| DBSA Contribution | 10,365 | 84,398 |
| Supply of Solar, Water, Geyser | 2,665,199 | - |
| | 21,368,658 | 23,868,140 |

Jozini Local Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|-----------------|------|------|
|-----------------|------|------|

10. Provisions

Reconciliation of provisions -30 June 2012

| | Opening Balance | Additions | Utilised during the year | Total |
|---------------------------------|--------------------|------------------|--------------------------------|------------------|
| Leave Pay Provision | 1,373,648 | 525,249 | (254,303) | 1,644,594 |
| Provision for Landfill Site | 255,451 | 72,608 | (182,843) | 145,216 |
| Provision for Performance Bonus | 148,985 | 112,725 | (61,359) | 200,351 |
| Provision for Annual bonus | 435,490 | 336,679 | (192,919) | 579,250 |
| | 2,213,574 | 1,047,261 | (691,424) | 2,569,411 |

Reconciliation of provisions - 2011

| | Opening Balance | Additions | Utilised during the year | Total |
|---------------------------------|--------------------|----------------|--------------------------------|------------------|
| Leave Pay Provision | 1,201,917 | 206,458 | (34,727) | 1,373,648 |
| Provision for Landfill Site | 557,225 | - | (301,774) | 255,451 |
| Provision for Performance Bonus | 115,512 | 33,473 | - | 148,985 |
| Provision for annual bonus | - | 435,490 | - | 435,490 |
| | 1,874,654 | 675,421 | (336,501) | 2,213,574 |

11. Property rates

| | | |
|-------------------------------------|-------------------|------------------|
| | 10,117,060 | 8,581,421 |
| Commercial | 2,193,862 | 2,322,803 |
| Agriculture | 966,478 | 743,357 |
| Residential | 601,862 | 201,001 |
| Rural Communal Land (RCL) | 3,009,309 | 3,126,852 |
| Place of Worship (POW) | 425 | 3,144 |
| Specialised Properties (SPL) | 3,337,635 | 2,180,265 |
| Public Service Infrastructure (PSI) | 7,490 | 4,000 |
| | 10,117,060 | 8,581,421 |
| | 10,117,060 | 8,581,422 |

12. Service charges-Refuse Removal

| | | |
|------------------------|------------------|------------------|
| Commercial | 300,001 | 301,000 |
| Rural Communal Land | 548,085 | 548,510 |
| Residential | 893,786 | 812,550 |
| Specialized Properties | 279,999 | 300,200 |
| Refuse removal | 2,021,871 | 1,962,260 |
| | 2,021,871 | 1,962,260 |

13. Government grants and subsidies

| | | |
|---------------------------------------|--------------------|-------------------|
| Equitable share | 62,001,000 | 48,546,475 |
| Recognised conditional grants revenue | 53,915,792 | 37,593,953 |
| | 115,916,792 | 86,140,428 |

Jozini Local Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|--|-------------------|-------------------|
| 14. Other income | | |
| Miscellaneous | 245,271 | 42,910 |
| Hall hire | 84,067 | 76,485 |
| Refunds | 8,088 | - |
| Commission received | 4,172 | 2,315 |
| Library | 7,444 | 5,513 |
| Sale of Asset | 89,343 | 102,827 |
| Sundry Income | 1,104 | 2,004 |
| Penalties | 2,810 | 66,076 |
| Ashbin Waste Management Fund | 11,758 | - |
| | 454,057 | 298,130 |
| 15. General expenses | | |
| Advertising | 312,488 | 144,961 |
| Internal Audit Fees | 804,764 | - |
| External Audit fees | 1,316,431 | 1,024,031 |
| Bank charges | 87,020 | 80,672 |
| Cleaning & Teas | 15,096 | 63,627 |
| Consultant fees | 2,329,642 | 1,575,399 |
| Provision for annual bonus expense | 449,404 | 435,490 |
| Provision for landfill site expense | - | 435,000 |
| Entertainment | 166,106 | 138,405 |
| Community development and training | 278,375 | 967,149 |
| Accommodation expenses | 860,151 | 598,775 |
| SARS:PAYE/UIF/SDL Expense | 1,587,293 | - |
| Medical expenses | - | 16,839 |
| Licences | 52,482 | 46,799 |
| Fuel and oil | 728,034 | 702,923 |
| Printing and stationery | 344,575 | 279,197 |
| Publicity | 513,503 | 660,937 |
| Security | 1,503,608 | 667,888 |
| Subscriptions and membership fees | 25,916 | 17,027 |
| Telephone and postage | 309,375 | 378,242 |
| Staff training & bursaries | 754,329 | 304,003 |
| Other expenses | 9,827,091 | 13,323,397 |
| | 22,265,683 | 21,860,761 |
| 16. Employee related costs | | |
| Salaries & wages | 15,771,087 | 13,483,543 |
| Bonus | 866,665 | 930,017 |
| Medical aid - company contributions | 828,915 | 718,008 |
| UIF | 121,856 | 109,842 |
| SDL | 232,076 | 206,518 |
| Defined contribution plan | 1,832,419 | 1,375,402 |
| Travel, motor car, accommodation, subsistence and other allowances | 5,621,169 | 4,128,070 |
| Overtime payments | 156,861 | 202,731 |
| Acting allowances | 133,249 | 93,713 |
| Housing benefits and allowances | 454,629 | 58,245 |
| Cellphone allowance | 647,253 | 294,033 |
| Clothing allowance | - | 10,000 |
| | 26,666,179 | 21,610,122 |

Jozini Local Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|-----------------|------|------|
|-----------------|------|------|

16. Employee related costs (continued)

Remuneration of Municipal Manager

| | | |
|-----------------------|------------------|------------------|
| Annual Remuneration | 578,968 | 456,872 |
| Car Allowance | 363,532 | 295,390 |
| Performance Bonuses | 27,695 | 31,730 |
| UIF | 1,490 | 1,497 |
| Other (S&T & Backpay) | 116,924 | 283,639 |
| | 1,088,609 | 1,069,128 |

Remuneration of Chief Finance Officer

| | | |
|-----------------------|----------------|----------------|
| Annual Remuneration | 548,618 | 456,689 |
| Car Allowance | 302,637 | 245,910 |
| Performance Bonuses | 48,907 | 57,359 |
| UIF | 1,497 | 1,497 |
| Other (S&T & Backpay) | 72,229 | 207,977 |
| | 973,888 | 969,432 |

Remuneration of Director Planning & Development Services

| | | |
|-----------------------|------------------|----------------|
| Annual Remuneration | 548,618 | 411,348 |
| Travel Allowances | 285,342 | 231,856 |
| Performance Bonuses | 800 | 28,679 |
| UIF | 1,497 | 1,497 |
| Other (S&T & Backpay) | 237,224 | 313,221 |
| | 1,073,481 | 986,601 |

Remuneration of Director of Corporate Services

| | | |
|----------------------|------------------|----------------|
| Annual Remuneration | 548,618 | 411,348 |
| Car Allowance | 285,342 | 231,856 |
| Performance Bonuses | 24,454 | 57,358 |
| UIF | 1,497 | 1,497 |
| Other(S&T & Backpay) | 178,088 | 281,793 |
| | 1,037,999 | 983,852 |

17. Remuneration of councillors

| | | |
|----------------------|------------------|------------------|
| Mayor's allowance | 289,558 | 129,066 |
| Executive Committee | 940,654 | 505,167 |
| Ordinary Councillors | 4,559,145 | 4,368,566 |
| | 5,789,357 | 5,002,799 |

In-kind benefits

The Mayor and Deputy Mayor are part time.

The Speaker is full-time. The Mayor and Speaker are provided with an office and secretarial support at the cost of the Council.

The Mayor has use of a Council owned vehicle for official duties

The Mayor has one full-time bodyguards and the driver .

Jozini Local Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|---|-------------------|-------------------|
| 18. Cash generated from operations | | |
| Surplus | 63,073,433 | 36,275,884 |
| Adjustments for: | | |
| Depreciation and amortisation | 5,827,490 | 2,984,960 |
| Debt impairment | 492,572 | 5,014,831 |
| Movements in provisions | 355,837 | - |
| Contribution to provisions-current | - | 412,038 |
| Other non-cash items | (93,478) | 338,920 |
| Changes in working capital: | | |
| Other receivables | 4,937 | (93,682) |
| Consumer debtors | (9,546,700) | (6,391,370) |
| Payables from exchange transactions | 3,440,320 | 1,774,344 |
| (Increase)/Decrease in VAT | 2,019,179 | (1,893,234) |
| Unspent conditional grants | (2,499,482) | 6,074,426 |
| | 63,074,108 | 44,497,117 |

19. Unauthorised expenditure

20. Fruitless and wasteful expenditure

The municipality had no Fruitless and wasteful expenditure as at 30 June 2012

21. Irregular expenditure

| | | |
|--|----------------|------------------|
| Add: Irregular Expenditure - current year | 41,597,045 | 1,654,156 |
| Less: Amounts not recoverable (not condoned) | (41,137,535) | - |
| | 459,510 | 1,654,156 |

22. Additional disclosure in terms of Municipal Finance Management Act

Audit fees

| | | |
|----------------------------|-----------|-----------|
| Amount paid - current year | 2,121,195 | 1,024,031 |
|----------------------------|-----------|-----------|

VAT

| | | |
|----------------|-----------|-----------|
| VAT receivable | 1,356,237 | 3,375,416 |
|----------------|-----------|-----------|

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

The municipality had no Councillors with arrear accounts outstanding as at 30 June 2012

Jozini Local Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|---|-------------------|-------------------|
| 23. Commitments | | |
| Authorised capital expenditure | | |
| Commitments in respect of expenditure | | |
| • Approved but not yet contracted for | 689,620 | 1,000,000 |
| • Approved and contracted for | 15,969,108 | 13,156,988 |
| | 16,658,728 | 14,156,988 |
| This expenditure will be financed from | | |
| • External sources | 16,658,728 | 14,156,988 |
| Operating leases - as lessee (expense) | | |
| Minimum lease payments due | | |
| - within one year | 623,845 | 614,547 |
| - in second to fifth year inclusive | 3,443,270 | 486,457 |
| | 4,067,115 | 1,101,004 |

24. Employee benefit obligations

Defined benefit plan

The defined benefit plan, to which -% (2011: -%) belong, consists of the (specify Pension Fund) governed by the Pension Fund Act of 1956.

The actuarial valuation determined that the retirement plan was in a sound financial position, however that it was recommended that the contribution should be increased by -% for - months. This recommendation is presently being implemented.

The plan is a final salary pension / flat plan or a post employment medical benefit plan.

Defined contribution plan

It is the policy of the municipality to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The municipality is under no obligation to cover any unfunded benefits.

| | | |
|---|-----------|-----------|
| The amount recognised as an expense for defined contribution plans is | 1,832,419 | 1,375,402 |
|---|-----------|-----------|

The municipality accounted for this plan as a defined contribution plan:

Jozini Local Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|-----------------|------|------|
|-----------------|------|------|

25. Contingencies

Contingent liabilities

1. African Digital Services (ADS) (Pty) Ltd sued Jozini Municipality for contract termination there is no set date for trial. The estimated contingent liability amounts to R 4 300 000 inclusive of R900 000 legal costs.
2. There is a dispute between Jozini Municipality about the land sold, there is no set trial date and the estimated settlement cost amounts to R 850 000.
3. The internal audit services are outsourced in Jozini Municipality the existing award is disputed by one of dissatisfied bidder, the trial date is not known however settlement costs are estimated to R 1 200 000.
4. Mkhombe Developments (Pty) Ltd, sued the Municipality for a tender award, the trial date is not yet known, however costs are estimated to R 1 200 000.
5. Mothei Consulting Engineers sued the Municipality for contract termination, a trial date is not yet known, however settlement costs are estimated to R 750 000.
6. The Municipality seeks legal advice on the grave exhumation, the matter is finalised however estimated legal costs are R 32 000.

26. Correction of errors

1. Doubtful debts provision balance erroneously debited with R435 000, leaving the balance in the Annual Financial Statement 2010/2011 off balance, understated. This has been corrected and effect made to liability and accumulated surplus in order for our records to reflect true state of affairs.
2. The PPE disclosed in the annual financial statements 2010/2011 is overstated due to the Caseware adjustment for R250 000 that was processed without updating the Pastel Evolution system first.
3. The PPE as disclosed in 2010/2011 Annual Financial Statements is mistated as a result of duplicate supplier raised on Pastel Evolution for R662 813.36, on the same note there was also R333 238.62 that should have been raised in 2010/2011 financial year. The net effect is R329 775 as shown below. Accumulate depreciation had been understated in the past as a result journal entry raising backlog depreciation against assets overstated, R63 180 408.13.
4. The Direct Deposit Clearing account had a credit closing balance of R33 630.00 and was incorrect treated as a debit bank balance instead of leaving the amount unrecorded in the Miscellaneous income account.

The correction of the error(s) results in adjustments as follows:

Statement of financial position

| | | |
|--|--------------|---|
| Doubtful debts provision | 435,000 | - |
| Accumulated depreciation | 250,000 | - |
| Property, Plant & Equipment_MIG projects | (63,510,183) | - |

Statement of Financial Performance

| | | |
|-----------------------|--------|---|
| Miscellaneous Revenue | 33,630 | - |
|-----------------------|--------|---|

27. Prepayments

At the beginning of the 2011/2012 financial year South African Revenue Services (SARS) called Jozini Municipality about long outstanding PAYE, SDL & UIF and the amount was R1 587293. The payment of this amount was immediately made, without raising SARS in Pastel Evolution as our creditor prior. This payment was in that way left as a debit.

Jozini Local Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|--|------------|------|
| 28. Revaluation Surplus relating to Property, Plant & Equipment | | |
| The management is using the revaluation method and in the current year Property, Plant & Equipment have been verified and where deemed necessary after the condition assessment has been completed by independant valuer Pradeep Ramlall, the Director of AB Projects. | | |
| Change during the year | 36,954,011 | - |
| Revaluation surplus relating to property, plant and equipment | | |

Jozini Local Municipality

Annual Financial Statements for the year ended June 30, 2012

Appendix B

June 2012

Analysis of property, plant and equipment as at 30 June 2012

Cost/Revaluation

Accumulated depreciation

| | Opening Balance Rand | Additions Rand | Disposals Rand | WIP Rand | Revaluations Rand | Depreciation Rand | Closing Balance Rand | Opening Balance Rand | Disposals Rand | WIP Rand | Depreciation Rand | Impairment loss Rand | Closing Balance Rand | Carrying value Rand |
|--|----------------------------|-------------------|-------------------|------------------|----------------------|----------------------|----------------------------|----------------------------|-------------------|-------------|----------------------|-------------------------|----------------------------|---------------------------|
| Land and buildings | | | | | | | | | | | | | | |
| Buildings | 23,189,942 | - | - | - | 355,804 | (2,018,123) | 21,527,623 | - | - | - | - | - | - | 21,527,623 |
| Motor Vehicles | 195,154 | 1,171,487 | - | - | 230,000 | (895,418) | 701,223 | - | - | - | - | - | - | 701,223 |
| Office Equipment | 2,771,135 | 190,543 | - | - | 2,400 | (974,584) | 1,989,494 | - | - | - | - | - | - | 1,989,494 |
| Roads Infrastructure | 83,115,371 | 16,698,445 | (587,594) | 4,953,526 | 553,400 | (31,968) | 104,701,180 | - | - | - | - | - | - | 104,701,180 |
| | 109,271,602 | 18,060,475 | (587,594) | 4,953,526 | 1,141,604 | (3,920,093) | 128,919,520 | - | - | - | - | - | - | 128,919,520 |
| Infrastructure | | | | | | | | | | | | | | |
| Roads, Pavements & Bridges | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Storm water | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Generation | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transmission & Reticulation | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Street lighting | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Dams & Reservoirs | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Water purification | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Reticulation | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Reticulation | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Sewerage purification | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Housing | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Waste Management | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Gas | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other (fibre optic, WIFI infrastrucur) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other 1 | 85,752 | 4,369 | - | - | - | - | 90,121 | (80,070) | - | - | - | - | (80,070) | 10,051 |
| | 85,752 | 4,369 | - | - | - | - | 90,121 | (80,070) | - | - | - | - | (80,070) | 10,051 |
| Community Assets | | | | | | | | | | | | | | |
| Parks & gardens | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Sportsfields and stadium | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Swimming pools | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Community halls | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Libraries | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Recreational facilities | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Clinics | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Museums & art galleries | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Social rental housing | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Cemeteries | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Fire, safety & emergency | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Security and policing | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Buses | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

Appendix B

June 2012

Analysis of property, plant and equipment as at 30 June 2012

| Cost/Revaluation | | | | | | | Accumulated depreciation | | | | | | |
|-------------------------|-------------------|-------------------|-------------|----------------------|----------------------|-------------------------|--------------------------|-------------------|-------------|----------------------|-------------------------|-------------------------|------------------------|
| Opening Balance Rand | Additions Rand | Disposals Rand | WIP Rand | Revaluations Rand | Depreciation Rand | Closing Balance Rand | Opening Balance Rand | Disposals Rand | WIP Rand | Depreciation Rand | Impairment loss Rand | Closing Balance Rand | Carrying value Rand |

Heritage assets

| | | | | | | | | | | | | | |
|-----------|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Buildings | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - |

Specialised vehicles

| | | | | | | | | | | | | | |
|-------------|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Refuse | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Fire | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Conservancy | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Ambulances | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Buses | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - |

Other assets

| | | | | | | | | | | | | | |
|--|---|---|---|---|---|---|---|---|---|---|---|---|---|
| General vehicles | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Plant & equipment | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Computer Equipment | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Computer Software (part of computer equipment) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Furniture & Fittings | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Office Equipment | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Office Equipment - Leased | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Abattoirs | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Markets | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Airports | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Security measures | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Civic land and buildings | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other buildings | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other land | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Bins and Containers | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Work in progress | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Assets - Leased | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Surplus Assets - (Investment or Inventory) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Housing development | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - |

Total property plant and equipment

| | | | | | | | | | | | | | |
|----------------------|-------------|------------|-----------|-----------|-----------|-------------|-------------|----------|---|---|---|----------|-------------|
| Land and buildings | 109,271,602 | 18,060,475 | (587,594) | 4,953,526 | 1,141,604 | (3,920,093) | 128,919,520 | - | - | - | - | - | 128,919,520 |
| Infrastructure | 85,752 | 4,369 | - | - | - | - | 90,121 | (80,070) | - | - | - | (80,070) | 10,051 |
| Community Assets | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Heritage assets | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Specialised vehicles | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other assets | - | - | - | - | - | - | - | - | - | - | - | - | - |

Appendix B

June 2012

Analysis of property, plant and equipment as at 30 June 2012

Cost/Revaluation

Accumulated depreciation

| | Opening Balance Rand | Additions Rand | Disposals Rand | WIP Rand | Revaluations Rand | Depreciation Rand | Closing Balance Rand | Opening Balance Rand | Disposals Rand | WIP Rand | Depreciation Rand | Impairment loss Rand | Closing Balance Rand | Carrying value Rand |
|---------------------------------------|----------------------------|-------------------|-------------------|-------------|----------------------|----------------------|----------------------------|----------------------------|-------------------|-------------|----------------------|-------------------------|----------------------------|---------------------------|
| | 109,357,354 | 18,064,844 | (587,594) | 4,953,526 | 1,141,604 | (3,920,093) | 129,009,641 | (80,070) | - | - | - | - | (80,070) | 128,929,571 |
| Agricultural/Biological assets | | | | | | | | | | | | | | |
| Agricultural | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Biological assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Intangible assets | | | | | | | | | | | | | | |
| Computers - software & programming | 168 | 140 | - | - | - | - | 308 | (170) | - | - | - | - | (170) | 138 |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | 168 | 140 | - | - | - | - | 308 | (170) | - | - | - | - | (170) | 138 |
| Investment properties | | | | | | | | | | | | | | |
| Investment property | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | | | | | | | | | | | | | | |
| Land and buildings | 109,271,602 | 18,060,475 | (587,594) | 4,953,526 | 1,141,604 | (3,920,093) | 128,919,520 | - | - | - | - | - | - | 128,919,520 |
| Infrastructure | 85,752 | 4,369 | - | - | - | - | 90,121 | (80,070) | - | - | - | - | (80,070) | 10,051 |
| Community Assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Heritage assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Specialised vehicles | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Agricultural/Biological assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Intangible assets | 168 | 140 | - | - | - | - | 308 | (170) | - | - | - | - | (170) | 138 |
| Investment properties | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | 109,357,522 | 18,064,984 | (587,594) | 4,953,526 | 1,141,604 | (3,920,093) | 129,009,949 | (80,240) | - | - | - | - | (80,240) | 128,929,709 |

June 2012

| | Prior Year | Current Year |
|---|------------|--------------|
| Segmental Statement of Financial Performance for the year ended | | |

[illegible]

Appendix D

June 2012

Segmental Statement of Financial Performance for the year ended

| Prior Year | | | Current Year | | | |
|--------------------------|-------------------------------|-------------------------------|--------------|--------------------------|-------------------------------|-------------------------------|
| Actual Income Rand | Actual Expenditure Rand | Surplus /(Deficit) Rand | Rand | | | |
| | | | | Actual Income Rand | Actual Expenditure Rand | Surplus /(Deficit) Rand |
| - | - | - | | - | - | - |
| - | - | - | | - | - | - |
| - | - | - | | - | - | - |
| - | - | - | | - | - | - |
| - | - | - | | - | - | - |
| - | - | - | | - | - | - |
| 91,405,444 | 64,739,957 | 26,665,487 | Total | 122,950,156 | 70,412,693 | 52,537,463 |

Appendix E(1)

June 2012

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2010

| | Current year 2012 Act. Bal. | Current year 2012 Adjusted budget Rand | Variance Rand | Var | Explanation of Significant Variances greater than 10% versus Budget |
|---|-----------------------------------|--|------------------|-----|--|
| | Rand | Rand | Rand | | |
| Revenue | | | | | |
| Sale of goods | - | - | - | - | (Explanations to be recorded) |
| Sale of goods in agricultural activities | - | - | - | - | |
| Rendering of services | - | - | - | - | |
| Rendering of services in agricultural activities | - | - | - | - | |
| Property rates | 6,879,579 | - | 6,879,579 | - | |
| Service charges | 546,706 | - | 546,706 | - | |
| Levies | - | - | - | - | |
| Property rates - penalties imposed and collection charges | - | - | - | - | |
| Sales of housing | - | - | - | - | |
| Construction contracts | - | - | - | - | |
| Royalty income | - | - | - | - | |
| Rental of facilities and equipment | 245,936 | - | 245,936 | - | |
| Interest received (trading) | - | - | - | - | |
| Dividends received | - | - | - | - | |
| Income from agency services | - | - | - | - | |
| Public contributions and donations | - | - | - | - | |
| Fines | 243,406 | - | 243,406 | - | |
| Licences and permits | - | - | - | - | |
| Government grants & subsidies | 112,802,599 | - | 112,802,599 | - | |
| Municipal Revenue UD1 | - | - | - | - | |
| Municipal Revenue UD2 | - | - | - | - | |
| Revenue 1 | - | - | - | - | |
| Revenue 2 | - | - | - | - | |
| Miscellaneous other revenue | - | - | - | - | |
| Administration and management fees received | - | - | - | - | |
| Fees earned | - | - | - | - | |
| Commissions received | - | - | - | - | |
| Royalties received | - | - | - | - | |
| Rental income | - | - | - | - | |
| Discount received | - | - | - | - | |
| Recoveries | - | - | - | - | |
| Other income 1 | 3,331,824 | - | 3,331,824 | - | |
| Provisions adjustment | 1,014,029 | - | 1,014,029 | - | |
| Other income 3 | - | - | - | - | |
| Other income | 263,321 | - | 263,321 | - | |
| Other farming income 1 | - | - | - | - | |
| Other farming income 2 | - | - | - | - | |
| Other farming income 3 | - | - | - | - | |
| Other farming income 4 | - | - | - | - | |
| Other farming income | - | - | - | - | |
| Government grants | - | - | - | - | |
| Interest received - investment | - | - | - | - | |

Appendix E(1)

June 2012

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2010

| | Current year 2012 Act. Bal. | Current year 2012 Adjusted budget | Variance | Explanation of Significant Variances greater than 10% versus Budget |
|---------------------------|-----------------------------------|--|--------------|--|
| Interest received - other | 1,980,366 | - | 1,980,366 | - |
| Dividends received | - | - | - | - |
| | 127,307,766 | - | 127,307,766 | - |
| Expenses | | | | |
| Personnel | (26,666,181) | - | (26,666,181) | - |
| Manufacturing - | - | - | - | - |
| Employee costs | - | - | - | - |
| Remuneration of | (5,789,357) | - | (5,789,357) | - |
| councillors | - | - | - | - |
| Administration | - | - | - | - |
| Transfer payments | - | - | - | - |
| Depreciation | (5,827,490) | - | (5,827,490) | - |
| Impairment | - | - | - | - |
| Amortisation | - | - | - | - |
| Impairments | - | - | - | - |
| Reversal of impairments | - | - | - | - |
| Finance costs | - | - | - | - |
| Debt impairment | (492,572) | - | (492,572) | - |
| Collection costs | - | - | - | - |
| Repairs and maintenance | - | - | - | - |
| - Manufacturing expenses | - | - | - | - |
| Repairs and maintenance | (1,461,080) | - | (1,461,080) | - |
| - General | - | - | - | - |
| Repairs and maintenance | - | - | - | - |
| - General | - | - | - | - |
| Bulk purchases | - | - | - | - |
| Contracted Services | (5,802,684) | - | (5,802,684) | - |
| Grants and subsidies paid | (3,097,215) | - | (3,097,215) | - |
| Cost of housing sold | (772,990) | - | (772,990) | - |
| General Expenses | (22,265,682) | - | (22,265,682) | - |
| Other (taken out of | - | - | - | - |
| General expenses) | - | - | - | - |
| Other (taken out of | - | - | - | - |
| General expenses) | - | - | - | - |
| Other (taken out of | - | - | - | - |
| General expenses) | - | - | - | - |
| Other (taken out of | - | - | - | - |
| General expenses) | - | - | - | - |
| Other (taken out of | - | - | - | - |
| General expenses) | - | - | - | - |
| | (72,175,251) | - | (72,175,251) | - |
| Other revenue and costs | | | | |
| Gain or loss on disposal | - | - | - | - |
| of assets and liabilities | - | - | - | - |
| Gain or loss on exchange | - | - | - | - |
| differences | - | - | - | - |
| Fair value adjustments | - | - | - | - |
| Gains or losses on | - | - | - | - |
| biological assets and | - | - | - | - |
| agricultural produce | - | - | - | - |
| Income from equity | - | - | - | - |
| accounted investments | - | - | - | - |

Appendix E(1)

June 2012

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2010

| | Current year 2012 Act. Bal. | Current year 2012 Adjusted budget | Variance | Explanation of Significant Variances greater than 10% versus Budget |
|--|--|--|-----------------|--|
| Gain or loss on disposal of non-current assets held for sale or disposal groups | - | - | - | - |
| Taxation | - | - | - | - |
| Discontinued operations | - | - | - | - |
| Net surplus/ (deficit) for the year | 55,132,515 | - | 55,132,515 | - |

| Name of Grants | Name of organ of state or municipal entity | Quarterly Receipts | | | | | Quarterly Expenditure | | | | | Grants and Subsidies delayed / withheld | | | | | Reason for delay/withholding of funds | Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act | Reason for noncompliance |
|--------------------------------|--|--------------------|--------|--------|--------|--------|-----------------------|--------|--------|--------|--------|---|---|---|---|---|---------------------------------------|--|--------------------------|
| | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | Yes/ No | |
| Supply of Solar, Water, gy ser | Jozini Municipality | - | 00,000 | 00,000 | 00,000 | 00,000 | 83,700 | 83,700 | 83,700 | 83,700 | 34,802 | - | - | - | - | - | | Yes | N/A |
| IDP GRANT | Jozini Municipality | - | - | - | 55,200 | 55,200 | 13,740 | 13,740 | 13,740 | 13,740 | 54,960 | - | - | - | - | - | | Yes | N/A |
| Sport And Recreation | Jozini Municipality | - | - | - | 50,000 | 50,000 | - | - | - | - | - | - | - | - | - | - | | Yes | N/A |
| Synergistic Participation | Jozini Municipality | - | - | - | - | - | 9,678 | 9,678 | 9,678 | 9,678 | 38,713 | - | - | - | - | - | | Yes | N/A |
| School Crossing | Jozini Municipality | 3,440 | 5,160 | - | 3,600 | 24,320 | 5,180 | 5,180 | 5,180 | 5,180 | 20,720 | - | - | - | - | - | | Yes | N/A |
| Bhanjana Road | Jozini Municipality | - | - | - | - | - | 17,784 | 17,784 | 17,784 | 17,784 | 71,137 | - | - | - | - | - | | Yes | N/A |
| Implication of Pound | jozini Municipality | - | - | - | - | - | 37,422 | 37,422 | 37,422 | 37,422 | 49,688 | - | - | - | - | - | | Yes | N/A |
| Development of Recycling | jozini Municipality | - | - | - | - | - | 6,008 | 6,008 | 6,008 | 6,008 | 24,270 | - | - | - | - | - | | Yes | N/A |
| DBSA Contribution | Jozini Municipality | - | - | - | - | - | 18,508 | 18,508 | 18,508 | 18,508 | 74,033 | - | - | - | - | - | | Yes | N/A |
| National Electricity | Jozini Municipality | - | 00,000 | 00,000 | - | 00,000 | 46,067 | 46,067 | 46,067 | 46,067 | 84,267 | - | - | - | - | - | | Yes | N/A |
| MSIG | Jozini Municipality | - | 90,000 | - | - | 90,000 | 67,902 | 67,902 | 67,902 | 67,608 | 71,608 | - | - | - | - | - | | Yes | N/A |
| MPRA | Jozini Municipality | - | - | 19,183 | - | 19,183 | 7,310 | 7,310 | 7,310 | 7,310 | 29,240 | - | - | - | - | - | | Yes | N/A |
| MIG | Jozini Municipality | 17,000 | - | 55,000 | - | 72,000 | 45,346 | 45,346 | 45,346 | 45,346 | 81,385 | - | - | - | - | - | | Yes | N/A |
| Library Grant | Jozini Municipality | - | 95,800 | - | - | 95,800 | 24,679 | 24,679 | 24,679 | 24,679 | 98,717 | - | - | - | - | - | | Yes | N/A |
| LGSETA | Jozini Municipality | 79,480 | - | 53,253 | 12,363 | 45,096 | - | - | - | - | - | - | - | - | - | - | | Yes | N/A |

| | | | | | | | | | | | | | | | | | | |
|---------------|--------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---|---|---|---|---|-----|-----|
| Jozini Town | Jozini | - | - | - | - | - | 03,759 | 03,759 | 03,759 | 03,759 | 15,035 | - | - | - | - | - | Yes | N/A |
| Formalisation | Municipality | - | - | - | - | - | 37,500 | 37,500 | 37,500 | 37,500 | 50,000 | - | - | - | - | - | Yes | N/A |
| Corridor | Jozini | - | - | - | - | - | 18,402 | 18,402 | 18,402 | 18,402 | 73,606 | - | - | - | - | - | Yes | N/A |
| Development | Municipality | - | - | - | - | - | 50,000 | 35,903 | 35,903 | 35,903 | 43,611 | - | - | - | - | - | Yes | N/A |
| Fresh Produce | Jozini | 50,000 | - | - | - | 50,000 | - | - | - | - | - | - | - | - | - | - | | |
| Market | Municipality | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| FMG | Jozini | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| | Municipality | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| | | 49,920 | 90,960 | 27,436 | 21,163 | 01,599 | 78,888 | 78,888 | 78,888 | 78,594 | 15,792 | - | - | - | - | - | | |

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.